



25 Sigourney Street  
Hartford CT 06106-5032

STATE OF CONNECTICUT  
DEPARTMENT OF REVENUE SERVICES

**IP 2005(13.1)**

**INFORMATIONAL PUBLICATION**

---

**Connecticut Income Tax Changes Affecting Pass-Through Entities**

---

**Purpose:** This Informational Publication answers frequently-asked questions about each pass-through entity (PE) doing business in Connecticut or having income derived from or connected with sources within Connecticut.

---

**Definitions**

**Pass-through entity** means a partnership or an S corporation as defined below.

**Partnership** means and includes a general partnership, limited partnership, limited liability partnership, publicly-traded partnership, limited liability company (LLC) treated as a partnership for federal income tax purposes, or other entity treated as a partnership for federal income tax purposes.

**S corporation** means a corporation that is an S corporation for federal income tax purposes.

**Member** means and includes a partner of a partnership, a member of a LLC treated as a partnership for federal income tax purposes, or a shareholder of an S corporation.

**Member's share** means a partner's distributive share of partnership income, gain, loss, or deduction; a member's distributive share of LLC income, gain, loss, or deduction; or a shareholder's pro rata share of S corporation income, gain, loss, or deduction.

**Noncorporate member** means each member that is a resident individual, resident trust, resident estate, nonresident individual, nonresident trust, nonresident estate, part-year resident individual, part-year resident trust, or PE.

**Nonresident noncorporate member** means each noncorporate member who is a nonresident individual, nonresident trust, nonresident estate, part-year resident individual, or part-year resident trust.

**Resident noncorporate member** means each noncorporate member who is a resident individual, resident trust, or resident estate.

**Corporate member** means each member that is a C corporation for federal income tax purposes, LLC that has elected to be taxed as a C corporation for federal income tax purposes, real estate investment trust, real estate mortgage investment conduit, regulated investment company, or organization exempt from federal income tax.

**Publicly traded partnership** means a partnership as defined in I.R.C. §7704(b) that is treated as a partnership for federal income tax purposes and that has agreed to file **Form CT-1065/CT-1120SI, Connecticut Composite Income Tax Return**.

**Investing partnership** means a partnership that elects (under 26 C.F.R. §1.761-2) not to be treated as a partnership for federal income tax purposes and thus is not subject to Subchapter K of Chapter 1 of the Internal Revenue Code.

**Parent pass-through entity (parent PE)** is a PE that is a member of another PE. A parent PE is referred to in Conn. Gen. Stat. §12-719(b)(3)(C) as a "lower-tier pass-through entity." A PE may be both a parent PE (with respect to one or more PEs) and a subsidiary PE (with respect to one or more PEs).

**Subsidiary pass-through entity (subsidiary PE)** is a PE that has at least one member that is itself a PE. A subsidiary PE is referred to in Conn. Gen. Stat. §12-719(b)(3)(C) as an "upper-tier pass-through entity." A PE may be both a subsidiary PE (with respect to one or more PEs) and a parent PE (with respect to one or more PEs).

---

**Effective Date:** Applicable to taxable years of PEs beginning on or after January 1, 2004.

---

**Statutory Authority:** Conn. Gen. Stat. §§12-719(b) and (c) and 12-726.

### 1. What form is a PE required to file?

A PE is required to file Form CT-1065/CT-1120SI where it:

- Is required to file federal Form 1065, U.S. Return of Partnership Income, or federal Form 1120S, U.S. Income Tax Return for an S Corporation; **and**
- Has any income, gain, loss, or deduction derived from or connected with sources within Connecticut.

### 2. When is Form CT-1065/CT-1120SI due?

Form CT-1065/CT-1120SI is due on or before the fifteenth day of the fourth month following the close of the PE's taxable year (April 15 for a PE whose taxable year for federal income tax purposes is the calendar year). If the due date falls on a Saturday, Sunday, or legal holiday, the next business day is the due date.

### 3. Under what circumstances is a PE required to make a Connecticut composite income tax payment?

A PE is required to make a Connecticut composite income tax payment on behalf of a member where:

- The member's share of the PE's income derived from or connected with Connecticut sources is \$1,000 or more;
- The member has not made an election to be included on **Form CT-G, Connecticut Group Income Tax Return**, (see Question 15); **and**
- The member is a nonresident noncorporate member or a PE.

Under the criteria above, a PE may be required to make Connecticut composite income tax payments on behalf of all of its members, some of its members, or none of its members.

### 4. Under what circumstances is a PE not required to make a Connecticut composite income tax payment?

A PE is not required to make a Connecticut composite income tax payment on behalf of a member who is a nonresident noncorporate member or a PE where:

- The member's share of the PE's income derived from or connected with Connecticut sources is less than \$1,000; **or**
- The member has made an election to be included in **Form CT-G** (see Question 15).

In addition, a PE is not required to make a Connecticut composite income tax payment where the member is a resident noncorporate member or a corporate member.

### 5. A PE makes a Connecticut composite income tax payment on behalf of a member who is a nonresident individual. Is the member required to file Form CT-1040NR/PY?

The member is **not required** to file Form CT-1040NR/PY if the Connecticut composite income tax payment made by the PE on the member's behalf (and any other Connecticut composite income tax payment made by any other PE on the member's behalf) satisfies the member's Connecticut income tax liability. However, if the Connecticut composite income tax payment made on the member's behalf exceeds the member's Connecticut income tax liability, the member may file Form CT-1040NR/PY to claim a refund of the overpayment. The member is **required** to file Form CT-1040NR/PY if the Connecticut composite income tax payment made by the PE on the member's behalf (and any other Connecticut composite income tax payment made by any other PE on the member's behalf) does not satisfy the member's Connecticut income tax liability, or if the member has Connecticut source income other than from one or more PEs.

### 6. How are Connecticut composite income tax payments calculated?

The Connecticut composite income tax payment for a member for whom a payment must be made is calculated by multiplying the member's share of the PE's separately and nonseparately computed income derived from or connected with Connecticut sources by 5% (.05). The PE must calculate the Connecticut composite income tax payment based only on the member's share of the PE's income derived from or connected with Connecticut sources (and not on the member's share of the PE's income or losses derived from or connected with non-Connecticut sources). The PE may not take into account a member's income or losses from sources other than the PE. The member, if filing Form CT-1040NR/PY (see Question 5), takes into account all of his or her income or losses derived from or connected with Connecticut sources and may claim a refund of any overpayment of Connecticut income tax.

### 7. When is a PE required to make estimated Connecticut composite income tax payments for a member?

A PE is required to make *estimated* Connecticut composite income tax payments for a member where:

- The PE is required to make a Connecticut composite income tax payment on behalf of the member (see Question 3); **and**

- The member's Connecticut income tax liability on the member's share of the PE's income derived from or connected with Connecticut sources is expected to equal or exceed \$1,000. Therefore, estimated Connecticut composite income tax payments are required if a member's share of the PE's income derived from or connected with Connecticut sources is expected to equal or exceed \$20,000.

Under the criteria above, a PE may be required to make estimated Connecticut composite income tax payments on behalf of all of its members, some of its members, or none of its members.

For each installment, the PE must aggregate the estimated Connecticut composite income tax payments made on behalf of all members for whom estimated composite income tax payments must be made and file one **Form CT-1065/CT-1120SI ES**, *Estimated Connecticut Composite Income Tax Payment*.

## 8. How are estimated Connecticut composite income tax payments calculated?

Estimated Connecticut composite income tax payments for a member for whom an estimated payment must be made are calculated as follows:

- On or before the fifteenth day of the fourth month of the PE's taxable year (**April 15** for a PE whose taxable year for federal income tax purposes is the calendar year), **25%** of the member's required annual payment must be paid (see Question 9);
- On or before the fifteenth day of the sixth month of the PE's taxable year (**June 15** for a PE whose taxable year for federal income tax purposes is the calendar year), 25% of the member's required annual payment must be paid (A total of **50%** of the member's required annual payment must be paid on or before this date.);
- On or before the fifteenth day of the ninth month of the PE's taxable year (**September 15** for a PE whose taxable year for federal income tax purposes is the calendar year), 25% of the member's required annual payment must be paid (A total of **75%** of the member's required annual payment must be paid on or before this date.); **and**
- On or before the fifteenth day of the first month of the PE's next succeeding taxable year (**January 15** for a PE whose taxable year for federal income tax purposes is the calendar year), 25% of the member's required annual payment must be paid (A total of **100%** of the member's required annual payment must be paid on or before this date.).

## 9. What are the safe harbor provisions for a PE making estimated Connecticut composite income tax payments?

Estimated Connecticut composite income tax payments for a member for whom estimated composite income tax payments must be made (see Question 7) are made in accordance with Conn. Gen. Stat. §12-722.

The required annual payment for taxable years beginning on or after January 1, 2005, is the lesser of:

- 90% of the tax shown for the member on the current year Form CT-1065/CT-1120SI; **or**
- 100% of the tax shown for the member on the prior year Form CT-1065/CT-1120SI.

Each required installment is 25% of the required annual payment. For any required installment, if the member establishes, in accordance with 26 C.F.R. §1.6654-2(d)(2), that the annualized income installment is less than 25% of the required annual payment, the amount of the required installment is the annualized income installment as described in Conn. Gen. Stat. §12-722(d)(2).

If the required annual payment is not made for a member, interest at 1% (.01) per month or fraction of a month will be added to the tax due until the earlier of the fifteenth day of the fourth month following the close of the PE's taxable year (April 15 for a PE whose taxable year for federal income tax purposes is the calendar year), or the date on which the underpayment is paid. The interest may be collected by the Department of Revenue Services (DRS) from either the PE or the member.

## 10. A PE was required to make estimated Connecticut composite income tax payments but the estimated payments, if any, made by the PE fail to meet the safe harbor provisions. Is the PE subject to an addition to tax for failing to make the required estimated tax payments?

*This answer applies for taxable years beginning on or after January 1, 2004, and before January 1, 2008.*

A PE whose estimated tax payments, if any, fail to meet the safe harbor provisions for a taxable year (see Question 9) will not be subject to an addition to tax for the taxable year if, during the taxable year, the PE did not make an actual payment in cash or other property to any member in respect of such member's share, or otherwise make available to the member such payment so that it may be drawn upon by the member at any time at the member's election. However, in such a circumstance, the PE will still be required to make a Connecticut composite income tax

payment for the taxable year on behalf of its members upon filing its Form CT-1065/CT-1120SI for the taxable year (or **Form CT-1065/CT-1120SI EXT**, *Application for Extension of Time to File Connecticut Composite Income Tax Return*, if the PE has timely requested an extension of time to file Form CT-1065/CT-1120SI).

**11. A member made a Connecticut income tax payment (including estimated Connecticut income tax payments) for a taxable year. May the PE net the payment against the Connecticut composite income tax payment (including estimated Connecticut composite income tax payments) required to be made on behalf of the member for that taxable year and pay only the difference to DRS?**

*This answer applies for taxable years beginning on or after January 1, 2004, and before January 1, 2008.* Yes. However, if the total of any Connecticut income tax payments (including estimated Connecticut income tax payments) made by the member and any Connecticut composite income tax payments (including estimated Connecticut composite income tax payments) made by the PE on behalf of the member is less than the member's Connecticut income tax liability, DRS may collect the tax, penalty, and interest from either the PE or the member. The PE may, at its own risk, rely or act on a statement by a member that Connecticut income tax payments (including estimated Connecticut income tax payments) have been made by the member but is otherwise required to make Connecticut income tax payments (including estimated Connecticut income tax payments) on behalf of the member, notwithstanding any instructions to the contrary by the member. In completing **Schedule CT K-1, Member's Share of Certain Connecticut Items**, for the member, the PE reports on Schedule CT K-1, Part III, Line 1, only the Connecticut composite income tax payments made by the PE on behalf of the member, where the payments are submitted with Form CT-1065/CT-1120SI ES, Form CT-1065/CT-1120SI EXT, and Form CT-1065/CT-1120SI.

**12. Is a PE subject to interest and penalty for late payment of the Connecticut composite income tax?**

Yes, subject to the circumstances described in Questions 10 and 11. If a Connecticut composite income tax payment reported for a member on Form CT-1065/CT-1120SI is not timely paid, interest will be assessed at 1% (.01) per month or fraction of a month until the tax is paid in full. The penalty for paying all or a portion of the tax late is 10% (.10) of

the tax paid late. The late payment penalty may be avoided if the PE:

- Files Form CT-1065/CT-1120SI EXT on or before the original due date of the return;
- Pays at least 90% of the tax shown to be due on the return on or before the original due date; **and**
- Pays the balance due with the return on or before the extended due date.

If the PE does not file its return and the Commissioner of Revenue Services files a return on its behalf, the penalty is 10% (.10) of the balance due or \$50, whichever is greater. The interest and penalty may be collected by DRS from either the PE or the member.

If no tax is due, the Commissioner of Revenue Services may impose a \$50 penalty for late filing.

**13. What information is a PE required to furnish to its members?**

A PE must furnish Schedule CT K-1 to each member who is a noncorporate member (whether resident or nonresident) or a PE. Part I of Schedule CT K-1 must be completed by the PE for each member who is a noncorporate member or a PE. Part II of Schedule CT K-1 must be completed by the PE for each member who is a nonresident noncorporate member or a PE. Part III of Schedule CT K-1 must be completed by the PE for each member on whose behalf Connecticut composite income tax payments, including estimated Connecticut composite income tax payments, were made by the PE. Specifically, Connecticut composite income tax payments made by the PE on behalf of a member, where the payments are submitted with Form CT-1065/CT-1120SI ES, Form CT-1065/CT-1120SI EXT, and Form CT-1065/CT-1120SI, are reported on Schedule CT K-1, Part III, Line 1. On the other hand, Connecticut income tax payments made by the PE on behalf of a member, where the payments are submitted with **Form CT-G ES**, *Estimated Connecticut Group Income Tax Payment*, **Form CT-G EXT**, or **Form CT-G**, are not to be reported on Schedule CT K-1, Line III, Part 1.

The PE must furnish Schedule CT K-1 to members who are noncorporate members or PEs on or before the fifteenth day of the fourth month following the close of the PE's taxable year (April 15 if the PE's taxable year for federal income tax purposes is the calendar year). If the PE has requested an extension of time to file Form CT-1065/CT-1120SI by timely filing Form CT-1065/CT-1120SI EXT, the deadline for furnishing Schedule CT K-1 to members is automatically extended to the fifteenth day of the

tenth month following the close of the taxable year (October 15 if the PE's taxable year for federal income tax purposes is the calendar year). The PE must maintain a copy of each Schedule CT K-1 it furnishes and provide a copy to DRS upon request.

The PE is not required to furnish Schedule CT K-1 to members that are corporate members. However, because corporate members may be subject to the Connecticut corporation business tax under Chapter 208 of the Connecticut General Statutes and may be entitled to apportion their net income for Connecticut corporation business tax purposes, the PE is required to provide to corporate members necessary apportionment and other information that will enable the corporate members to properly calculate their Connecticut corporation business tax liability. Necessary apportionment information would include information concerning:

- The average monthly net book value of the total tangible property held and owned by the PE during the taxable year, and the amount of that value which is held and owned within Connecticut;
- The total wages, salaries, and other compensation to employees paid by the PE during the taxable year, and the amount of those wages, salaries, or other compensation which is paid in Connecticut; **and**
- The PE's gross receipts from sales or other sources during the taxable year, and the amount of those gross receipts which is assignable to Connecticut.

For more information, see Conn. Gen. Stat. §§12-214 and 12-218. The PE must maintain a copy of the information that it provides to corporate members and provide a copy to DRS upon request.

#### **14. Will any overpayment of a member's income tax be refunded or credited to the PE?**

No. Any overpayment of a noncorporate member will be refunded or credited only to the member and not to the PE. If the PE is a subsidiary PE because it has a member that is itself a PE (parent PE), any overpayment of the parent PE will be refunded or credited only to the noncorporate members of the parent PE and not to the subsidiary PE or the parent PE.

A nonresident noncorporate member files Form CT-1040NR/PY (if a nonresident or part-year resident individual) or Form CT-1041 (if a nonresident trust or estate of part-year resident trust) to have the overpayment refunded or credited.

If a PE amends Form CT-1065/CT-1120SI to have an overpayment of Connecticut income tax refunded or credited, the overpayment will be refunded or credited

to the members. However, the amended Form CT-1065/1120SI and the amended returns of members (or, if the members did not file original tax returns, the original tax returns of members) must be filed before the Connecticut statute of limitations expires.

#### **15. Under what circumstances may a PE file Form CT-G?**

A PE with **two or more** qualified electing nonresident members may file Form CT-G on behalf of its qualified electing nonresident members. (See Question 16.) Previously, Form CT-G could be filed only by a PE with ten or more qualified electing nonresident members.

#### **16. Who is a qualified electing nonresident member for purposes of filing Form CT-G?**

A *qualified electing nonresident member* is one who meets all of the following conditions. The member:

- Was a nonresident individual for the entire taxable year;
- Did not maintain a permanent place of abode in Connecticut at any time during the taxable year;
- Or his or her spouse if a joint federal income tax return is or will be filed, did not have any income derived from or connected with Connecticut sources other than from one or more PEs;
- Waives the right to claim any Connecticut personal exemption under Conn. Gen. Stat. §12-702 and any Connecticut personal credit under Conn. Gen. Stat. §12-703;
- Does not have a Connecticut alternative minimum tax liability for the taxable year;
- Has the same taxable year as the other qualified electing nonresident individuals; **and**
- Completes and delivers **Form CT-2NA, Connecticut Nonresident Income Tax Agreement/Election to Be Included in a Group Return**, to the PE and elects to be included in Form CT-G prior to the filing of Form CT-G by the PE.

The filing of Form CT-G is treated in the same manner as the filing of separate returns and satisfies the filing requirements otherwise separately imposed under Connecticut law on each qualified electing nonresident individual in the group. Qualified electing nonresident individuals who are included in Form(s) CT-G are not required (and are generally not permitted) to file Form CT-1040NR/PY. DRS retains the right to require the filing of a Form CT-1040NR/PY by any of the qualified electing nonresident individuals. A nonresident individual may not revoke an election to be included in a group return, or elect to be

included in a group return, after the fifteenth day of the fourth month following the close of the entity's taxable year.

#### **17. When is Form CT-G due?**

Form CT-G is due on or before the fifteenth day of the fourth month following the close of the taxable year of the qualified electing nonresident individual (April 15 for individuals whose taxable year for federal income tax purposes is the calendar year). If the due date falls on a Saturday, Sunday, or legal holiday, the next business day is the due date.

#### **18. Are estimated Connecticut group income tax payments required for members included in Form CT-G?**

Yes. Estimated Connecticut group income tax payments are required for a member included in Form CT-G if the member's Connecticut income tax liability on the member's share of the PE's income derived from or connected with Connecticut sources is expected to equal or exceed \$1,000. For each installment, the PE must aggregate the estimated Connecticut group income tax payments made on behalf of nonresident members and file one Form CT-G ES.

#### **19. What are the requirements for a publicly traded partnership?**

A publicly traded partnership must report the name, address, Social Security Number, or Federal Employer Identification Number to DRS for each unitholder whose distributive share of partnership income derived from or connected with Connecticut sources exceeds \$500. A publicly traded partnership fulfills this requirement by filing Form CT-1065/CT-1120SI, and completing Parts II, III, IV, V and VI. In completing those parts, the partnership only reports for those unitholders whose distributive share of the partnership's income derived from or connected with Connecticut sources exceeds \$500. The partnership also furnishes Schedule CT K-1 to each unitholder (see Question 13). A publicly-traded partnership is not required to make composite income tax payments, including estimated composite income tax payments, on behalf of its unitholders.

#### **20. What are the requirements for an investing partnership?**

An investing partnership is not subject to the CT-1065/CT-1120SI requirements. However, an investing partnership that does not make the election (under 26 C.F.R. §1.761-2) not to be treated as a partnership for federal income tax purposes, and is treated as a partnership subject to Subchapter K of

Chapter 1 of the Internal Revenue Code, is subject to the requirements of the legislation.

#### **21. What are the requirements for a partnership deemed under Conn. Gen. Stat. 12-711(f), not to be carrying on a trade or business in Connecticut?**

Such a partnership is not subject to the CT-1065/CT-1120SI requirements of the legislation.

#### **22. What are the requirements for a single member LLC (SMLLC)?**

**SMLLC owned by a corporation.** An SMLLC that, for federal income tax purposes, is disregarded as an entity separate from the corporation that is its owner is treated as a C corporation. Therefore, if the SMLLC is a member of a PE, the PE is not required to make Connecticut composite income tax payments for the SMLLC. Also, if the SMLLC is not a PE, it is not required to make Connecticut composite income tax payments for its owner.

**SMLLC owned by an individual.** An SMLLC that, for federal income tax purposes, is disregarded as an entity separate from the individual who is its owner is treated as an individual. Therefore, if the SMLLC is a member of a PE, the PE is required to make Connecticut composite income tax payments for the SMLLC, if the criteria of Question 3 are met. Also, if the SMLLC is not a PE, it is not required to make Connecticut composite income tax payments for its owner.

**SMLLC that elects to be taxed as a C corporation.** An SMLLC that elects, for federal income tax purposes, to be taxed as a C corporation is treated as a C corporation for purposes of the new legislation. Therefore, if the SMLLC is a member of a PE, the PE is not required to make Connecticut composite income tax payments for the SMLLC. Also, if the SMLLC is not a PE, it is not required to make Connecticut composite income tax payments for its owner.

**SMLLC that elects to be taxed as an S corporation.** An SMLLC that elects, for federal income tax purposes, to be taxed as an S corporation is treated as a PE. If the SMLLC is a member of a PE, it is then treated as a parent PE.

#### **23. Is a subsidiary PE required to make a Connecticut composite income tax payment on behalf of a member that is itself a PE (parent PE)?**

Yes. A subsidiary PE is required to make a Connecticut composite income tax payment on behalf of a parent PE where the parent PE's share of the

subsidiary PE's income derived from or connected with Connecticut sources is \$1,000 or more. The subsidiary PE is also required to make estimated Connecticut composite income tax payments on behalf of the parent PE where the parent PE's share of the subsidiary PE's income derived from or connected with Connecticut sources is expected to equal or exceed \$20,000.

However, if both of the following conditions are met, a subsidiary PE is not required to make a Connecticut composite income tax payment on behalf of a parent PE:

- The parent PE provides sufficient evidence to the subsidiary PE that a member of the parent PE is a member on whose behalf a Connecticut composite income tax payment is not otherwise required to be made (see Questions 3 and 4); for example, the member is a corporate member or a resident noncorporate member; **and**
- Information about the member's share of the parent PE's income is provided to the subsidiary PE.

**Example 1:** *P*, a PE, is a member of *S*, a PE. Therefore, *P* is a parent PE with respect to *S*, and *S* is a subsidiary PE with respect to *P*. *P*'s share of *S*'s income derived from or connected with Connecticut sources is \$1,000, or more. Each member of *P* is a C corporation. *P* provides sufficient evidence of this to *S*. *S* is not required to make a Connecticut composite income tax payment on behalf of *P*.

**Example 2:** The facts are the same as in Example 1 except for the following: *P*'s share of *S*'s income derived from or connected with Connecticut sources is expected to equal or exceed \$20,000, and the members of *P* are four individuals, each with a 25% share of *P*'s income. Three of the individuals (*A*, *B*, and *C*) are resident individuals, and one (*D*) is a nonresident individual. *P* provides sufficient evidence of this to *S*. *S* is not required to make a Connecticut composite income tax payment on behalf of *P* to the extent of *A*, *B*, or *C*'s share of *P*'s income. *S* is required to make a Connecticut composite income tax payment on behalf of *P*, but only to the extent of *D*'s share of *P*'s income, and must report the payment made on behalf of *P* on the Schedule CT K-1 issued by *S* to *P*. *P* is required to make a Connecticut composite income tax payment on behalf of *D*, but may take into account any Connecticut composite income tax payment made by *S* on behalf of *P* (see Question 24). *P* must report the payment made on behalf of *D* (after taking into account the payment made by *S* on behalf of *D*) on the Schedule CT K-1 issued by *P* to *D*. Neither *S* nor *P* is required to make estimated Connecticut composite income tax

payments unless *D*'s share of *P*'s income is expected to equal or exceed \$20,000.

## **24. In making Connecticut composite income tax payments on behalf of its members, may a parent PE take into account Connecticut composite income tax payments made by a subsidiary PE on behalf of the parent PE?**

Yes. A parent PE may take into account Connecticut composite income tax payments made by a subsidiary PE on behalf of the parent PE.

**Example 3:** *P*, a PE, is a member of *S*, a PE. Therefore, *P* is a parent PE with respect to *S*, and *S* is a subsidiary PE with respect to *P*. *P*'s share of *S*'s income derived from or connected with Connecticut sources is \$1,000 or more. *S* is required to make a Connecticut composite income tax payment on behalf of *P*, and does so. *P* has four members, each of which has a 25% share of *P*'s income and each of which is a nonresident noncorporate member and each of whose share of *P*'s income derived from or connected with Connecticut sources is \$1,000 or more. Just as each of *P*'s members has a 25% share of *P*'s income derived from or connected with Connecticut sources, which share includes *P*'s share of *S*'s income derived from or connected with Connecticut sources, each of *P*'s members has a 25% share of the Connecticut composite income tax payment made by *S* on *P*'s behalf. In making Connecticut composite income tax payments on behalf of each member, *P* may take into account the member's 25% share of the Connecticut composite income tax payment made by *S* on *P*'s behalf.

## **25. In completing Form CT-1065/CT-1120SI, Part I, Schedule B, should a PE include a member who is a nonresident noncorporate member or a PE if the member's income derived from or connected with Connecticut sources is less than \$1,000?**

No. A PE should **not** include on Form CT-1065/CT-1120SI, Part I, Schedule B, any member who is a nonresident noncorporate member or a PE if:

- The member's income derived from or connected with Connecticut sources is less than \$1,000; **and**
- No Connecticut composite income tax payment (including estimated Connecticut composite income tax payments) was made on the member's behalf by the PE.

However, a PE **must** include on Form CT-1065/CT-1120SI, Part I, Schedule B, any member on whose behalf a Connecticut composite income tax payment (including estimated Connecticut composite

income tax payments) was made, even if the payments were not required to be made, such as:

- A member whose share of the PE's income derived from or connected with Connecticut sources is less than \$1,000 (including a member whose share of the PE's losses or deductions derived from or connected with Connecticut sources exceeds the member's share of the PE's gains or income derived from or connected with Connecticut sources). When completing Part I, *Schedule B*, a PE makes no entries in Columns C and D for that member, but makes entries in the other columns. For information on the procedure for a nonresident member to obtain a refund of Connecticut composite income tax (including estimated Connecticut composite income tax) paid on their behalf, see Questions 5 and 14.
- A member who is other than a nonresident noncorporate member or a PE. When completing Part I, *Schedule B*, a PE should make no entries in Columns C and D for that member, but should make entries in the other columns.

---

**Effect on Other Documents:** Informational Publication 2004(39), *Q & A on Connecticut Income Tax Changes Affecting Pass-Through Entities*, is modified and superseded and may not be relied upon on or after the date of issuance of this Informational Publication.

---

**Effect of This Document:** An Informational Publication addresses frequently asked questions about a current position, policy, or practice, usually in a less technical question and answer format.

---

**For Further Information:** Call DRS during business hours, Monday through Friday:

- 1-800-382-9463 (in-state), or
- 860-297-5962 (from anywhere)

**TTY, TDD, and Text Telephone users only** may transmit inquiries anytime by calling 860-297-4911.

---

**Forms and Publications:** Forms and publications are available anytime:

---

- **Internet:** Visit the DRS Web site at [www.ct.gov/DRS](http://www.ct.gov/DRS) to download and print Connecticut tax forms; **or**
- **Telephone:** Call 860-297-4753 (from anywhere), or 1-800-382-9463 (in-state) and select **Option 2** from a touch-tone phone.

---

**Paperless Filing/Payment Methods (fast, easy, free, and confidential):**

- **For business returns:** Use *Fast-File* to file sales and use taxes, business use tax, room occupancy tax, estimated corporation business tax, business entity tax, attorney occupational tax, nursing home provider fee, admissions and dues tax, or withholding tax returns over the Internet. Visit the DRS Web site at [www.ct.gov/DRS](http://www.ct.gov/DRS) and click on *File/Register OnLine*.
- **For payment of business taxes other than those listed above:** Use *Fast-File* to pay your business taxes over the Internet or by phone. Visit the DRS Web site at [www.ct.gov/DRS](http://www.ct.gov/DRS) and click on *Electronic Services* for a list of eligible taxes. The ACH debit method is used to make the transfer. No preregistration is required.
- **For resident income tax returns:** Use *WebFile* to file personal income tax returns over the Internet. Visit the DRS Web site at [www.ct.gov/DRS](http://www.ct.gov/DRS) and click on *File/Register OnLine*.
- **For electronic filing of income tax extensions, estimated payments, and for electronic bill payments:** Use *WebFile* to electronically file personal income tax returns over the Internet. You can also use *WebFile* to make an electronic income tax payment for a prior year. Visit the DRS Web site at [www.ct.gov/DRS](http://www.ct.gov/DRS) and click on *File/Register OnLine*.

---

**DRS E-News Service:** Get connected to the latest news from DRS. Receive notification by e-mail of changes to legislation, policies, and procedures. **DRS E-News** is easy to sign up for – visit [www.ct.gov/DRS](http://www.ct.gov/DRS) and follow the directions. Subscription services are available for employer's withholding tax, *Fast-File* information, Alerts, News – Press Releases, and Top 100 Delinquency List.

---